

FINDING OF EMERGENCY

These regulations are being implemented on an emergency basis for the immediate preservation of the public peace, health and safety, or general welfare, within the meaning of Government Code Section 11346.1.

DESCRIPTION OF SPECIFIC FACTS WHICH CONSTITUTE THE EMERGENCY

1. The Department of Social Services is responsible for the administration of financial audits for licensed group homes and foster family agencies pursuant to Welfare and Institutions Code Section 11466.21.
2. Federal law allows for federal financial participation for these financial audits, as well as for the operation, including the care and supervision of children in group homes and foster family agencies.
3. The federal Department of Health and Human Services, Administration for Children and Families is the federal agency that determines California's eligibility for federal participation in the Title IV-E foster care programs, which include group homes and foster family agencies.
4. On or about April 18, 2001, The Department of Social Services received a letter from Sharon Fujii, Regional Hub Director of the federal Department of Health and Human Services, Administration for Children and Families directing CDSS to apply the annual financial audit requirements contained in Office of Management and Budget (OMB) Circular A-133 to group homes and foster family agencies.
5. Pursuant to Single Audit Act, at 31 U.S.C. 7501 et. seq., subrecipients of federal funds who receive \$300,000 in combined federal funds must comply with the annual audit requirements contained in OMB Circular A-133. Under federal law group homes and foster family agencies who receive less than \$300,000 in combined federal funds do not have to meet the annual audit requirements contained in OMB Circular A-133.
6. AB 444 (Chapter 1022, Statutes of 2002), reduced the frequency of mandatory submissions of financial audit reports for those group homes and foster family agencies who receive less than \$300,000 in combined federal funds from every year, to at least once every three years.
7. AB 444 (Chapter 1022, Statutes of 2002) was enacted to conserve State general fund dollars associated with both the reduction of administrative resources required to process and review group home and foster family agency financial audits, and audit reimbursement costs pursuant to Welfare and Institutions Code Section 11466.21.
8. AB 444 (Chapter 1022, Statutes of 2002) was enacted as an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning

of Article IV of the Constitution, and in order to make the necessary statutory changes to implement the Budget Act of 2002 at the earliest possible time.

9. These proposed rules are necessary to implement the tri-annual audit requirement required by AB 444 (Chapter 1022, Statutes of 2002). The non-emergency rulemaking process set forth in the Administrative Procedures Act is sufficiently lengthy that it is not possible to implement regulation changes on an immediate basis as necessary to avoid serious adverse impact on the State's fiscal crisis. Consequently, these rules are adopted to be effective upon filing with the Secretary of State.

INFORMATIVE DIGEST

On or about April 18, 2001, The Department of Social Services received a federal letter directing CDSS to apply the annual financial audit requirements contained in Office of Management and Budget (OMB) Circular A-133 to group homes and foster family agencies.

Pursuant to Single Audit Act, at 31 U.S.C. 7501 et. seq., subrecipients of federal funds who receive \$300,000 in combined federal funds must comply with the annual audit requirements contained in OMB Circular A-133. Under federal law group homes and foster family agencies who receive less than \$300,000 in combined federal funds do not have to meet the annual audit requirements contained in OMB Circular A-133.

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COST ESTIMATE

1. Costs or Savings to State Agencies: The Department has determined annual savings of \$250,000 to the State.
2. Costs to Local Agencies or School Districts: The Department has determined no additional costs or savings as a result of the filing of these regulations.
3. Nondiscretionary Costs or Savings to Local Agencies: None.
4. Federal Funding to State Agencies: The Department has determined no additional costs or savings as a result of the filing of these regulations.

LOCAL MANDATE STATEMENT

These regulations do impose a mandate on local agencies but not on school districts. There are no state mandated costs in these regulations which require state reimbursement under Section 17500 et seq. of the Government Code because any costs associated with the implementation of these regulations are costs mandated by the federal government.

AUTHORITY AND REFERENCE CITATIONS

CDSS adopts these regulations under the authority granted in Welfare and Institutions Code Sections 10553 and 10554. Subject regulations implement and make specific in Welfare and Institutions Code Sections 11466.21(a)(1) and (a)(2) Welfare and Institutions Code Section 11466.21(b)(3), and Welfare and Institutions Code Section 11466.21(c).